



Milk Pricing NEWSLETTER

Serving the California dairy industry for over 9 years

Dairy Marketing Branch, CDFA

January 2011

National Dairy Commodity Prices for Grade AA Butter and Western Dry Whey Increase

The minimum price of milk, established by the Department, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, nonfat dry milk and dry whey, are significant factors in determining the minimum milk price (See page 2).

Compared to last month, the national commodity prices for Grade AA Butter and Western Dry Whey increased, while Cheddar Cheese and Nonfat Dry Milk decreased, consequently milk prices showed mixed changes: whole milk increased three and seven tenths cents per gallon; reduced fat milk increased three tenths of a cent per gallon; lowfat milk decreased two and zero tenths cents per gallon; and skim milk decreased three and two tenths cents per gallon.

Milk production across the U.S. remains steady but has been hampered by cold winter weather over the last month. Retail sales for butter have slowed down after the holiday season. Cheese production and sales are gearing up for the Super Bowl weekend.

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The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

Minimum Prices for the Four Types of Fluid Milk, by Container Size for February 2011

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$1.452	\$0.726	\$0.363	\$0.181	\$0.121	\$0.091
Reduced Fat 2%	\$1.305	\$0.652	\$0.326	\$0.163	\$0.109	\$0.082
Lowfat 1%	\$1.216	\$0.608	\$0.304	\$0.152	\$0.101	\$0.076
Nonfat (Skim)	\$0.906	\$0.453	\$0.227	\$0.113	\$0.076	\$0.057

Southern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$1.475	\$0.738	\$0.369	\$0.184	\$0.123	\$0.092
Reduced Fat 2%	\$1.328	\$0.664	\$0.332	\$0.166	\$0.111	\$0.083
Lowfat 1%	\$1.240	\$0.620	\$0.310	\$0.155	\$0.103	\$0.078
Nonfat (Skim)	\$0.931	\$0.465	\$0.233	\$0.116	\$0.078	\$0.058

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$0.037	\$0.019	\$0.009	\$0.005	\$0.003	\$0.002
Reduced Fat 2%	\$0.003	\$0.002	\$0.001	\$0.000	\$0.000	\$0.000
Lowfat 1%	-\$0.020 ↓	-\$0.010 ↓	-\$0.005 ↓	-\$0.003 ↓	-\$0.002 ↓	-\$0.001 ↓
Nonfat (Skim)	-\$0.032 ↓	-\$0.016 ↓	-\$0.008 ↓	-\$0.004 ↓	-\$0.003 ↓	-\$0.002 ↓

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
Phone (916) 341-5988; Website: www.cdfa.ca.gov/dairy; email address: dairy@cdfa.ca.gov

Minimum Prices for the Milk Component of Various Manufactured Dairy Products

The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt	Super Premium Ice Cream		Generic Ice Cream	
	(\$/qt)	(\$/1.5qt)*	(\$/1.75qt)*	(\$/1.5qt)*	(\$/1.75qt)*
December	\$0.23	\$1.00	\$1.17	\$0.39	\$0.45
January '10	\$0.23	\$1.02	\$1.19	\$0.40	\$0.46
February	\$0.27	\$1.11	\$1.30	\$0.44	\$0.51
March	\$0.27	\$1.11	\$1.30	\$0.44	\$0.51
April	\$0.23	\$1.04	\$1.21	\$0.40	\$0.47
May	\$0.23	\$1.04	\$1.21	\$0.40	\$0.47
June	\$0.24	\$1.15	\$1.34	\$0.45	\$0.52
July	\$0.24	\$1.15	\$1.34	\$0.45	\$0.52
August	\$0.28	\$1.26	\$1.47	\$0.49	\$0.57
September	\$0.28	\$1.26	\$1.47	\$0.49	\$0.57
October	\$0.26	\$1.44	\$1.68	\$0.55	\$0.64
November	\$0.26	\$1.44	\$1.68	\$0.55	\$0.64
December	\$0.27	\$1.47	\$1.72	\$0.56	\$0.65
January '11	\$0.27	\$1.47	\$1.72	\$0.56	\$0.65

** Prices are based on the new container size instead of 1/2 gallon previously.*

Percentage of Total Fluid Milk Products Sold, by Type of Container October of Selected Years, 2005, 2006, 2007, 2008, 2009, 2010

Year	Glass	Paper	Plastic	Bag
	<i>Percent</i>			
2005	0.06%	17.24%	82.15%	0.55%
2006	0.07%	17.70%	81.86%	0.36%
2007	0.02%	20.15%	79.38%	0.44%
2008	0.16%	18.88%	80.46%	0.50%
2009	0.03%	23.90%	75.54%	0.53%
2010	0.02%	22.64%	76.36%	0.98%

This newsletter can also be found on our website at: www.cdffa.ca.gov/dairy/milkpricing_nl.html

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at dairy@cdffa.ca.gov, or by contacting TDD 1-800-735-0193.

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